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ED/EC M-232

April 23, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

10:30 a.m., Thursday, April 18, 1957
Room 1213 Maiatico

Attendance:

<u>MDAC</u>	<u>Defense</u>
Mr. Hale, Chairman	Mr. Martino
Mr. Levin	
Mr. Anderson	
Mr. Kramer, Executive Secretary	<u>ICA</u>
Mrs. Lese, Committee Secretary	Mr. Slaght
<u>CIA</u>	<u>State</u>
[REDACTED]	Mr. Wright
25X1A9a	Miss Worthing
<u>Commerce</u>	<u>Treasury</u>
Mr. George	Mr. Pollak

Agenda:

1. PC Statements at April 12 CHINCOM Meeting.
2. Further Consideration of Material for EDAC.
 - a. Proposed Decontrolled CCSL Items.
(Ref. EDAC D-127/6j, 4/17/57)
 - b. Defense Department Appeal re Machine Tools and Electric Melting Furnaces.
(Ref. EDAC D-127/6k, 4/17/57)
 - c. Work Program to Implement NSC 5704/1.
(Ref. EDAC D-127/11, 4/17/57)
 - d. Paris Meeting of May 7.

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1. PC Statements at April 12 CHINCOM Meeting.

Decision

The Executive Committee Chairman will prepare a memorandum for submission to EDAC stating that the Executive Committee has examined the documents filed by the PCs with the China Committee on April 12; will report the Executive Committee's interpretation of the positions taken by France, the United Kingdom, and Japan; will note that some of the statements were prepared in advance of the French proposal and contain no positions; and will state that all of those countries agree that it is wise to discuss and pursue the problem in an effort to obtain uniform agreement.

Discussion

The Chairman presented for the members' consideration and comments ED/EC D-117, the statements of the PCs at the April 12 CHINCOM meeting. He noted that Norway, Germany, The Netherlands, and Italy take no firm positions but, rather, express the desire to see something accomplished. A position is taken by the French, the United Kingdom, and Japan and these are to be commented on by the Executive Committee for the next EDAC meeting.

Following a reading of the French, the United Kingdom, and Japanese statements, the Chairman suggested that it is not possible for the U. S. to agree to the French proposal under present NSC policy. The USDEL can be told that the U. S. views the French position, taken on April 12, as an elimination which goes beyond the security requirements.

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2. Further Consideration of Material for EDAC.

a. Proposed Decontrolled CCSL Items.
(Ref. EDAC D-127/6j, 4/17/57)

Decision

For use at the next EDAC meeting, the Executive Committee members will take responsibility for revising Appendix III (Revised) (EDAC D-127/6), now in the possession of the EC and EDAC members to indicate the deletions now advocated by the Ad Hoc Working Group and the Executive Committee C-737p and C-7547. After

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the pending EDAC meeting, the secretariat in conjunction with the Ad Hoc Working Group Chairman, will prepare for handing to other governments in Washington, a formal revision of the list which the U. S. will propose for international control. This revision will not identify the items under the sectors but merely list them.

There will also be prepared, after the EDAC meeting, a revised chart which will show the U. S. Government's proposals by sectors. This chart will be stripped of the notations now on Appendix III and may be used in the U. S. presentation if deemed advisable.

The Executive Secretary will make certain amendments and deletions and prepare a new cover page for EDAC D-127/6j stating the Executive Committee recommends that in the event the proposal for transmittal of the list to foreign governments arises such transmittal should be limited to the first 12 pages only.

Discussion

The Ad Hoc Working Group Chairman informed the members that he has in preparation a memorandum which suggests certain deletions and additions to EDAC D-127/6j. It also suggests that page 13 of EDAC D-127/6j be eliminated because the item listed thereon is on the International List. The memorandum will further recommend that if this document is given to other countries, only the first twelve pages should be given, as the rest is a matter of judgment on which differences of opinion may exist.

The members agreed to the Chairman's request that the Executive Committee adopt the Ad Hoc Working Group's report on the items for the purpose of putting before EDAC a final position on all items to be agreed in EDAC D-127/6, identifying for EDAC the two items under appeal by Defense -- machine tools and melting furnaces.

The Commerce member said the Fact Sheets in support of the list positions are practically completed and will be sent to the Executive Secretary for duplication within 24 hours. He stated he was preparing a new revision of Attachment III and inquired whether the revision should be made in a form which would be useful for purposes other than for EDAC, i.e., to indicate the items which fall within different sectors, or should it be put in the same form as previously? He said he planned to make a list of specific differential changes in a numerical order indicating the items without relevance to sectors which would not have any repetition of coverage in proposed differential.

He explained that difficulties arise with regard to revising Attachment III. Since there are two disagreed items it is questionable whether it could be for use other than by EDAC. This difficulty applies too to the listing of differentials without sectors. It was his preference to wait for a decision on the unresolved items.

The Chairman proposed that Attachment III (to EDAC D-127/6) be put before EDAC, with the Executive Committee taking responsibility for making penciled deletions. After a review by EDAC the paper will be redone incorporating any changes and decisions which EDAC may make, without the notations of the Executive Committee, and

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with a cover page indicating EDAC approval for transmission to the appropriate foreign countries. The minutes of the next EDAC meeting will be used to conclude the EDAC record of these items.

If there was agreement in the Committee, the Chairman said he would ask the EDAC Chairman to make a formal statement and ask that the chart be approved by EDAC. He would further report that the technical people who have worked on the preparation of the list will be advised on the decision of EDAC and be asked to prepare a list of the items which the U. S. will propose to have added to the International Lists.

The Commerce member stated that he would prefer two lists -- a listing of items with reference to the sectors, and a list setting forth the sector grouping.

The Chairman commented that it has been recommended that the list which the Department of State turns over to the other governments in Washington be a list of items which the U. S. proposes without reference to sectors.

b. Defense Department Appeal re Machine Tools and Electric Melting Furnaces.
(Ref. EDAC D-127/6k, 4/17/57)

Decisions

1. The Executive Committee decided that preparation for high policy review after an EDAC meeting will be accomplished as rapidly as possible but preparation for that possibility should not be attempted at this time.

2. The Committee examined the possibility of preparing a compromise position between the positions of the recommendations contained in EDAC D-127/6 and the Defense proposal in their appeal papers. It was the judgment of the Executive Committee that no constructive compromise without the existing disadvantage of the Defense Department proposal can be recommended at this time.

3. The Executive Committee will transmit to EDAC the report of the Chairman, EDAC D-127/6k, on the Defense appeal, as well as EDAC D-127/6j, the list of proposed decontrolled items.

Discussion

The Chairman reported that the subject paper had originally been drafted as a memorandum for Executive Committee consideration but upon a request from the Chairman of EDAC, who felt it might be necessary to have an EDAC meeting on this problem on Friday, April 19, the memorandum was put in final form for submission to EDAC. The EDAC Chairman is prepared to call a meeting based on the State Department estimate of requirement.

In response to the Chairman's request for enlightenment as to the Department's views concerning the need for an immediate EDAC meeting, the State member replied that he had no further information at the moment. In his view the issue to be considered by his agency is whether the damage to negotiability of the U. S. position

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with the addition to the list of machine tools and electric melting furnaces should be resolved before negotiation. If this is the decision of Mr. Dillon, Deputy Under Secretary for Economic Affairs, there will have to be interagency review at higher level than EDAC. In his estimation, this will cause a serious negotiating problem and require that an EDAC meeting be called at once, so that the problem could be resolved at a high level in time for presentation of the lists to the other governments in Washington by Mr. Kalijarvi next Wednesday.

The Commerce member remarked that the basic point is that the validity of the Defense issue has been questioned and therefore it was his view that an EDAC meeting was imperative and it was only a question of when State would be ready.

c. Work Program to Implement NSC 5704/1.

(Ref. EDAC D-127/11, 4/17/57)

Decision

The Executive Committee approved adoption of the Work Program subject to minor editorial revision and authorized its recommendation to EDAC.

It was further agreed that Working Group III should have responsibility for handling the necessary work under para. 16 of the Work Program.

Discussion

The Chairman asked consideration of the Work Program document, EDAC D-127/11, which will be presented at the next EDAC meeting. Para. 9, newly submitted by State, and para. 16 received the approval of the members. At the Chairman's suggestion, the members assigned to Working Group III the responsibility for para. 16.

d. Paris Meeting of May 7.

Decision

The Executive Committee recommended that EDAC at its next meeting determine the support to be given the U. S. Delegation.

Discussion

In response to a question by the Commerce member regarding Washington representation at the May 7 meeting, the Chairman stated the EDAC Chairman will see that the support necessary for the USDEL is given EDAC consideration. At the present time he is prepared to recommend that one or two people be chosen from among those most able technically to provide the support necessary in explaining our papers to the USDEL.

Distribution:

ED List Parts I & II
WG I (Limited)